

## Message Text

SECRET

PAGE 01 REYKJA 00158 022236Z  
ACTION SS-25

INFO OCT-01 ISO-00 SSO-00 CCO-00 /026 W  
-----022239Z 028863 /13

O 310949Z JAN 77  
FM AMEMBASSY REYKJAVIK  
TO SECSTATE WASHDC IMMEDIATE 6993

S E C R E T REYKJAVIK 0158

EXDIS

C O R R E C T E D C O P Y FOR DOWNGRADING FROM NODIS TO EXDIS)

E.O. 11652; XGDS  
TAGS: OVIP (MONDALE, WALTER F.)

SUBJECT: VICE PRESIDENT'S MEETING WITH PRIME MINISTER  
HALLGRIMSSON: SOVIET AND NATO MATTERS

1. DURING MEETING JANUARY 29 BETWEEN VICE PRESIDENT  
AND PRIME MINISTER HALLGRIMSSON, DISCUSSION FOCUSED ON  
PRIME MINISTER'S REQUEST THAT USG CONSIDER FAVORABLY  
EXTENSION OF FINANCIAL ASSISTANCE IN CONSTRUCTION OF NEW  
CIVILIAN AIR TERMINAL PLANNED FOR NATO BASE KEFLAVIK.  
TOWARD END OF DISCUSSION, PRIME MINISTER REMARKED THAT WHEN  
IT LOOKED AS THOUGH ICELAND DEFENSE FORCE (IDF) WOULD BE  
REQUIRED TO LEAVE ICELAND IN RESPONSE TO PREVIOUS GOVERN-  
MENT'S REQUEST, SOVEIT MISSION IN ICELAND HAD BEEN VERY  
DISCREET AND LEVEL OF OVERT SOVIET ACTIVITY VERY LOW.  
HOWEVER, AFTER CONSTITUTION OF NEW GOVERNMENT AND WHEN IT  
BECAME CLEAR THROUGH MEMORANDUM OF UNDERSTANDING OF  
1974 THAT IDF WOULD REMAIN, SOVIET ACTIVITY INCREASED AND  
BECAME MORE PROMINENT. IN RESPONSE VICE PRESIDENT'S  
QUERY AS TO HOW THIS WAS DONE, PRIME MINISTER INDICATED  
THIW WAS CHIEFLY THROUGH MORE FREQUENT QTE SCIENTIFIC AND  
RECONNAISSANCE VISITS UNQTE TO ICELAND. AMBASSADOR BLAKE  
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NOTED FREQUENT VISITS BY SOVIET QTE RESEARCH SHIPS UNQTE  
TO REYKJAVIK AND OCCASIONAL PRESENCE OF SOVIET QTE  
GEOLOGICAL RESEARCH UNQTE TEAMS IN ICELAND. ADMIRAL  
BERSTEIN MENTIONED FREQUENCY OF SOVIET RECONNAISSANCE

FLIGHTS IN AREA OF ICELAND.

2. VICE PRESIDENT ASKED HOW MANY RUSSIANS WERE ASSIGNED TO SOVIET EMBASSY. AMBASSADOR BJORNSSON SAID ABOUT 70. NOT ALL, HE ADDED, WERE ON DIPLOMATIC LIST, BUT SOVIET STAFF WAS CERTAINLY BY FAR LARGEST OF ANY EMBASSY. AMBASSADOR BLAKE INFORMED VICE PRESIDENT IN RESPONSE HIS QUERY THAT U.S. EMBASSY HAS EIGHT OFFICERS, INCLUDING TWO IN USIS. SIX MARINES AND OTHER AMERICAN STAFF BRING TOTAL TO 18. ADMIRAL BERNSTEIN INFORMED VICE PRESIDENT THAT U.S. MILITARY PRESENCE AT NATO BASE WAS ABOUT 3200 PLUS DEPENDENTS. AMBASSADOR BJORNSSON SAID ONE PUBLICATION HAD LISTED PRESENT SOVIET AMBASSADOR AS KGB OFFICIAL. PRIME MINISTER ADDED THAT THERE WAS NO DOUBT SOVIET EMBASSY WAS VERY ACTIVE. HE DID NOT KNOW WHETHER IT WAS AS ACTIVE AS SOVIET MISSION IN NORWAY WHICH WAS IN PROCESS OF HAVING SEVERAL STAFF MEMBERS EXPELLED BY GON FOR ESPIONAGE BUT RUSSIA HAS A QTE GREAT INTEREST IN OUR COUNTRY UNQTE. THIS IS WHY, HE ADDED, ICELAND NEEDS THE PRESENCE OF IDF AND WHY WAY MUST BE FOUND, PARTICULARLY AFTER THE IMPRESSION LEFT BY FISHERIES DISPUTE, TO CONVINCE ICELANDIC POPULATION, THAT IDF SERVES ICELAND'S AS WELL AS U.S. AND NATO INTERESTS.

3. PRIME MINISTER THEN ASKED FOR VICE PRESIDENT'S IMPRESSION OF HIS TOUR OF WESTERN EUROPE. VICE PRESIDENT SAID NATO MEETING WENT VERY WELL. EVERYONE WELCOMED HIS ASSURANCE ADMINISTRATION WILL FULFILL ITS NATO COMMITMENTS. HE WAS NOT PESSIMISTIC ABOUT NATO. HIS TALKS WITH GISCARD, FOR EXAMPLE, HAD GONE VERY WELL. HE FOUND FRENCH FORTHCOMING AND COOPERATIVE ON NATO MATTERS.

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IN FACT, HE THOUGHT NATO AS A WHOLE WAS DOING VERY WELL. WE DO HAVE TO LOOK, HOWEVER, WITH SOME QTE ANXIETY UNQTE AT WHAT SOVIETS ARE UP TO AND WE WANT THEM TO UNDERSTAND WE ARE NOT RPT NOT GOING TO FADE AWAY. FRENCH SHARE THESE CONCERNS. WE ARE PREPARED TO CONSIDER A REDUCTION OF FORCES, BUT ONLY WITHIN THE MBFR CONTEXT. VICE PRESIDENT CONTINUED BY SAYING HIS CHIEF CONCERN WAS THE ECONOMIES OF THE NATO COUNTRIES. SITUATION IN ITALY IS VERY SERIOUS, PARTICULARLY IN VIEW OF COMMUNIST POLITICAL ROLE. CALLAGHAN AND SCHMIDT MUST ALSO OPERATE WITH VERY THIN, UNCERTAIN PARLIAMENTARY MARGINS. STIMULATION OF THE NATO ECONOMIES IS ESSENTIAL, AND JAPAN MUST BE PERSUADED TO OPEN UP ON ITS TRADING ARRANGEMENTS IN ORDER TO HELP. VICE PRESIDENT CONCLUDED BY SAYING THAT HE IS ALSO CONCERNED LEST NATO TALK ITSELF INTO DESPAIR OVER SOVIET STRENGTH; HE WOULD RATHER HAVE SOVIETS UNDERSTAND WE WILL MEET ANY CHALLENGE TO ALLIANCE. PRIME MINISTER ASKED WHETHER HE THOUGHT SOVIETS HAD GOTTEN THIS MESSAGE. VICE PRESIDENT SAID HE BELIEVED SOVIETS WOULD

TEST OUR RESOLVE AND WOULD FIND A CONTINUITY AND PERSISTENCE  
IN IT THAT COULD NOT BE MISSED.

4. PRIME MINISTER ASKED HOW SOVIETS HAD REACTED THUS  
FAR TO NEW ADMINISTRATION. HE HAD IMPRESSION THAT  
INITIALLY THEY VIEWED IT WITH MISGIVINGS. VICE PRESIDENT  
SAID THIS MIGHT HAVE BEEN THE CASE, BUT THAT IF THEY  
UNDERSTAND WE ARE STRONG AND INTEND TO REMAIN STRONG THEY  
WILL CONCLUDE THEY HAVE NO ALTERNATIVE TO NEGOTIATIONS.  
PRIME MINISTER SAID HE WAS GLAD TO HEAR THIS WHICH HE  
REGARDED AS REALISTIC APPROACH IN DEALING WITH THE  
SOVIETS. HE EXPRESSED GRATIFICATION ON BEING ABLE TO HEAR  
ADMINISTRATION'S VIEWS ON THIS IMPORTANT AREA OF POLICY  
FROM VICE PRESIDENT PERSONALLY.  
BLAKE

NOTE: DOWNGRADED TO EXDIS PER STATE 023406

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NNN

## Message Attributes

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